



UpGradeSME

Interreg Europe



European Union
European Regional
Development Fund

CIM do Ave

**Regional report on COVID-19 IMPACT on SME
internationalization**

Key-findings presentation

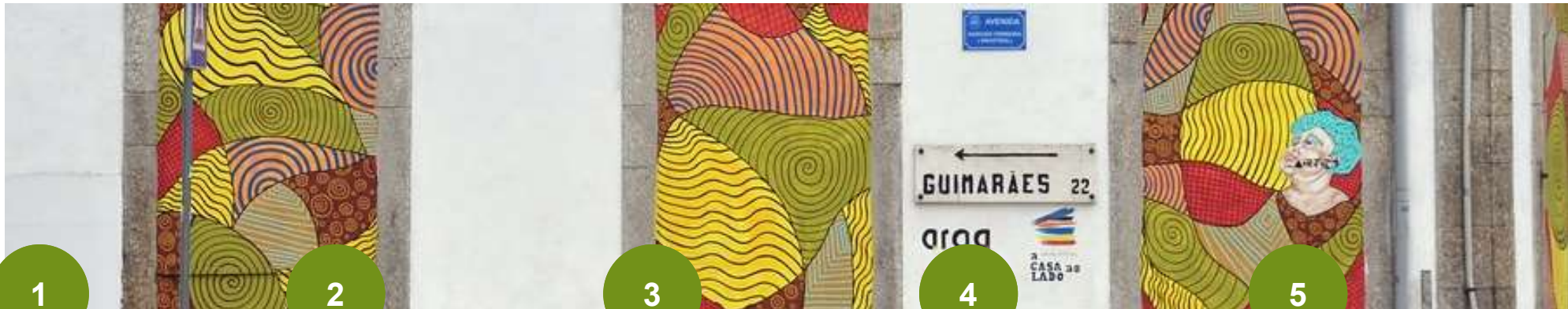
Budapest, September 2022

Preliminary note

- The Ave Intermunicipal Community (CIM Ave) is a public law association of municipalities created in 2009. The constituents are Cabeceiras de Basto, Fafe, Guimarães, Mondim de Basto, Póvoa de Lanhoso, Vieira do Minho, Vila Nova de Famalicão and Vizela
- There is a **high concentration** of companies in the **secondary** and **tertiary sector**
- Prior to the pandemic, the region has witnessed increasing **private investment**, **economic growth** and **diversification** of the county's business fabric, with emphasis on the **Textile** cluster, **Metal-mechanics** and the development of **Tourism**
- In order to understand the **impacts of the pandemic** on the **exporting activity of companies**, as well as the **best-practices implemented**, a survey was carried out aimed at the business fabric
- Additionally, the effectiveness of the **measures implemented by the national government** was **also assessed by CCDR-N**



Key-findings



1

The vast majority of the surveyed **experienced impacts** on businesses on the back of the pandemic

2

The severest impacts were related to **disruptions on supply chain**, changes in **internal processes** and new challenges in **exploiting new markets**

3

Surveyed have restructured **internal processes** in several areas, used **digital platforms** to explore new markets, adapted the **product mix** and **certified on safety and cleanliness**

4

Companies were able to **create new products** in response to the pandemic context, which demonstrates the **resilience and entrepreneurial nature** of the region

5

Several **measures were implemented** to support companies, mainly SMEs, in the **continuity of their export business**

Involved SMEs profile

21

COMPANIES

216

TOTAL TURNOVER
(M€)

13

AVG. TURNOVER
(M€)

+22

AVG. FTEs

Localisation



Sector



Exporting markets



Main Impacts: Covid-19 effects on SME export activity



Main Impacts: New measures developed due to Covid-19 crisis

INDUSTRY AND RETAIL

- Acquisition of raw materials **in larger quantities**
- Adoption of **working from home** measures
- Preventing **external staff from entering** the premises
- Use of **online platforms** for meetings either with colleagues, clients and suppliers
- **Short deadlines on proposals**
- Reinforcement in **credit insurance and early payments**
- Restructuration of **delivery maps**
- **Reduction on waste and increased efficiency**
- Increase on **subcontracting for the production process**

TOURISM

- Implementation of Tourism's **Clean&Safe guidelines**
- Change the way **services** are provided (cleaning and restaurant mainly)
- Creation of **new tourist entertainment packages**

KEY FACTS

81%

Have developed new measures inside the company to respond to Covid-19 impacts

19%

Have allowed employees to work from home or limited the access to facilities from external staff

100%

Of touristic sector have adapted the way services were

Main Impacts: Effect of Covid-19 on the product portfolio

- Companies have **adapted their portfolios** to Covid-19 context, expounded by the **lack of raw materials, stocks and/ or demand**
- 57% of the companies admitted **they have introduced new products and/ or services** to portfolio due to Covid-19
- Even though some of the additions refer to **diversification**, some of the surveyed companies have also added **new products not exactly related to their previous portfolio**
- For instance, 24% of Industrial sector respondents have managed to quickly answer to the Covid-19 buoyant market. As such, some companies in the Metalworks have developed **automatic machines for masks production**, and 33% of Textile surveyed firms have produced (and exported) **certified masks on that regard**

KEY FACTS

19%

Have deleted products and/ or services from their portfolios

57%

Have diversified portfolio and/ or added new products and/ or services due to Covid-19

100%

Of touristic sector have temporarily eliminated SPA and/ or Buffet

Main Impacts: New measures on the everyday work processes

- The use of **online video conference platforms** was widely used by companies to meet with third parties and internally
- Operationally, companies have introduction of **working from home policies and shifts** to avoid personal to contact with each other
- Sourcing challenges, forced companies to try and **produce with less complex raw materials**
- Regarding Administrative processes, companies refer that cash collection was made only through online ways, and **ATM/ bank transfers were extremely appreciated**
- Companies on tourism sector have implemented **severe improvements on cleaning tasks, clothes handling and restaurant operations** - for instance, **online menus** through digital platforms were implemented

KEY FACTS

48%

Have carried out changes in the way of everyday work processes

19%

Admitted the use of digital platforms on everyday work process

Main Impacts: Structural funds or financial support received in the pandemic

- Half of the respondents have **applied for structural or financial support** during the Covid-19 pandemic. The used frameworks were the following:
 - Covid-19 Economy Support Line (Industry and Tourism Exporting Companies) – 10%
 - Covid 19 Financing Lines – 20%
 - Simplified Layoff – 10%
 - Cash Flow, Working Capital reinforcement (Commercial Banks) – 14%
 - Taxes Split Payment – 5%

KEY FACTS

48%

Have applied for structural or financial support during the Covid-19 pandemic

19%

Have applied for more than a support line

CCDR-N: General measures developed to correspond COVID impact (1/2)

- Acceleration of **payment of incentives** to companies
- Deferral of **reimbursable incentive benefits**
- **Expenses supported on cancelled or postponed actions**
- **Project rescheduling**
- **Increase of 47% on European funds** available to the priorities of the Region, on the back of an urgent reprogramming carried out

CCDR-N: General measures developed to correspond COVID impact (2/2)

- Creation of COVID Business Innovation Call which **aimed to support companies that wanted to establish, strengthen or adjust their production capabilities**
- Launch of ADAPTAR PME Call (PI 3.3 of EP2) which sought to respond to the need to **adapt establishments, work organization methods and relationship with customers and suppliers**, to the new conditions of the disease context



UpGradeSME

Interreg Europe



European Union
European Regional
Development Fund

Thank you!

Questions welcome



Project smedia